



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes

MILWAUKEE HOUSING TRUST FUND FINANCING MODELS SUBCOMMITTEE

LEO RIES, CHAIR

Lucia Murtaugh, Vice-Chair

Heather Dummer Combs, Sup. Marina Dimitrijevic, Rocky Marcoux, Robert Shelledy, Mike Soika

Staff Assistant, Linda Elmer, (414)-286-2232

Fax: 286-3456; E-mail: lelmer@milwaukee.gov

File Specialist, Charlotte Rodriguez, 286-8797; E-mail: crodri@milwaukee.gov

Monday, April 3, 2006

1:30 PM

Room 301-B, City Hall

Members present: Leo Ries, Lucia Murtaugh, Mike Soika, Una Van Duvall - designee for Rocky Marcoux, Kirstan Veleusic - designee for Sup. Marina Dimitrijevic

Members excused: Robert Shelledy and Heather Dummer Combs

Also present: Ald. Michael McGee - member of the Milwaukee Housing Trust Fund Task Force, Michael Daun - Comptroller's Office, Tom Croasdaile - Dept. of City Development, Nicole Jarvey - Community Faith Conference, Gary Werra - Community Block Grant Administration, Emma Stamps, Jeff Osterman and Marianne Walsh - Legislative Reference Bureau

Meeting convened: 1:34 P.M.

1. Review and approval of the minutes of the March 13th meeting

Mr. Soika moved, seconded by Ms. Murtaugh, for approval of the minutes. There were no objections.

Mr. Ries would like to have a meeting prior to May 10th in order to finalize recommendations to present to the full Task Force.

2. Report from the Intergovernmental Relations Division regarding likelihood of legislation dealing with changes to state TIF law and Neighborhood Assistance legislation

Ms. Jennifer Gonda from Intergovernmental Relations appeared before the Subcommittee. She noted that the current legislative session is wrapping up this month, but a well-thought-out proposal could be considered next session. The Subcommittee needs to decide if it wants the legislation aimed solely at first-class cities or cities in general. She believes that to get legislation in front of the legislature, support needs to be gotten from out-state legislators.

Ms. Gonda thought there would be less resistance to the use of retired TIF dollars. She feels that exceptions to TABOR would be very difficult to get passed at the state level. She is optimistic with working with the state as the city has had some success this year. Mr. Ries thought there should be action take at the local level, as well as working at the state level.

Ms. Gonda has not heard of anything on-going related to a state housing trust fund. Ms. Walsh confirmed that there is no pending activity at the state level.

The best bet would be to have everything ready to go in late November or early December

so it can be done as separate legislation or as part of the state budget, but wait until after the November election to begin talking with the governor. The Task Force could utilize the expertise of the Intergovernmental Relations section and the Legislative Reference Bureau to draft the legislation. The city has had the best success with bipartisan legislation.

Ms. Gonda thought that the Alliance of Cities or the Greater Milwaukee Association of Realtors would be good places to look for allies for any proposed legislation.

3. Report from Pam Fendt regarding linkage fees

Ms. Fendt provided members and staff with a copy of the Good Jobs and Livable Neighborhoods Linkage Policy Proposal for the Park East Corridor (Exhibit 1). Ms. Fendt said that for the Park East corridor, the developer could either choose to provide a specified number of affordable housing units or participate in the linkage program. Linkage fees were not seen as a prohibitive cost in comparison to other current city building requirements, such as glass frontage or other requirements. Professor Mark Levine found no evidence that linkage requirements slowed down development. The City of Chicago is proposing a regional linkage requirement, with municipalities paying into it, which becomes the renewable source. This could be used as a possible model for the City of Milwaukee.

Ms. Fendt also provided a copy printed from the web site of Policy Link (Exhibit 2) and a page copied from "The Politics of Downtown Development" which contains a quote by Boston Mayor Ray Flynn (Exhibit 3), which she read at the meeting. Ms. Dummer Combs, through e-mail prior to the meeting, provided members and staff with a copy of a memo noting linkage fees in 4 cities (Exhibit 4).

Mr. Soika asked that Ms. Fendt do a search of existing linkage fees, where they are, when they were created, how much they generate and the development status of the community (a hot vs. a slow market).

Mr. Ries would like to find out if there is a big difference between development costs in the city vs. in the suburbs, and how many square feet are being developed each year. The Department of City Development will research that issue.

Ald. McGee would like to get a projection of development in the Park East corridor to get an idea of what development is currently out there, which Ms. Fendt will research. Sup. Dimitrijevic, through her aide, Mr. Veleusic, provided those present with a copy of the resolution creating the Community and Economic Development Fund and adopting the Park East Redevelopment Compact (Exhibit 5), as well as the resolution relating to sale of county land in the Park East area, resulting in the creation of the Milwaukee County Inclusive Housing Fund (Exhibit 6).

Ms. Elmer will e-mail out the link of the web address of Policy Link to members (www.policylink.org/EDTK/Linkage) so they can review it prior to the next meeting, if desired.

4. Report from the Department of City Development regarding City land sales

Ms. Van Duvall presented a report of city land sales (Exhibit 7). She asked Mr. Croasdaile to speak on how those dollars become part of the city budget and what they are used for. Mr. Croasdaile noted that, through ordinance, these funds must go to the Tax Deficit Fund. All of the lots listed on the sheet were vacant lots at the time of the land sale. Revenue from the sale of parking lots go into the Parking Fund, through ordinance, and he does not have statistics on these lots. Twenty percent of the gross sales on the lots listed goes to the Redevelopment Authority of the City of Milwaukee.

5. Discussion regarding priority ranking of funding options - short-term vs. long-term

Funding options with no state legislation required:

a) *TIF-equivalent general revenue contributions - Mr. Ries feels that this option is the best in terms of being politically achievable. Mr. Soika noted that these funds fluctuate widely from year to year, so this could function as the base with other funds being targeted. Ms. Murtaugh thought that \$5 million annually might be reasonable. Mr. Ries is concerned about the city's delivery system in terms of having developers able to develop at this level. Mr. Soika thought that new players might enter the market if a trust fund were created. Ms. Fendt noted that if the fund were created to fill the gap between the costs by a developer if affordable units are offered and not, most developers would be willing to create affordable units. Mr. Ries wondered if it was realistic to set a goal if the funding source is variable, which it would be using TIF funds as the base. Mr. Daun noted that the Department of City Development recommends TIF districts for closure, with some or none being recommended each year. Mr. Daun noted that the Common Council would have to approve transferring these funds into a housing trust fund as the districts are closed.*

b) *Set aside a portion of the city's annual bonding for the purpose of funding the Housing Trust Fund - Mr. Daun thinks this is a very viable option which would require action by the Common Council as well. Mr. Daun noted that a decision needs to be made if these bonds will generate revenue or if the taxpayer will assume more debt. A general obligation (GO) bond would have the biggest political obstacle because it would increase the tax levy. A GO bond has some timeliness components that the Subcommittee would need to be aware of. Ald. McGee also mentioned the possibility of using the portion of unspent capital improvement bonds. Mr. Daun noted that these funds may not be out there in reality as the city does not actually borrow money until the project begins; the authority might be able to be transferred, but there are no actual dollars out there.*

Mr. Soika would like to see some studies on the economic benefit of affordable housing (tax base and job creation). Mr. Ries will follow up on this by doing research and speaking with Ms. Sanchez. Mr. Soika suggested this might be a good use of consultant money.

c) *Some kind of development or "linkage" fee - Ms. Gonda noted that the state is constantly changing legislation related to fees.*

d) *The city's share of the real estate transfer fee - This battle was previously fought between the city and county, with no change in state law. Sup. Dimitrijevic, through Mr. Veleusic, provided a memo to those present related to this issue (Exhibit 8).*

e) *A fee on downtown parking spaces - The Legislative Reference Bureau (LRB) will research how many downtown parking spaces there are and how many city-owned parking spaces exist.*

f) *The addition of a \$1 surcharge to the price of any entertainment event ticket that costs \$30 or more - Ms. Murtaugh does not feel that this has much support and would not be politically viable.*

g) *Proceeds from the sale of city land - Mr. Ries noted that this doesn't really generate a lot of revenue and takes money away from the Department of City Development. Mr. Soika supported using some of these funds in combination with retired TIF funds. This*

might be a possibility for the Subcommittee to recommend.

h) A portion of the city's Potawatomi bingo casino revenues - The LRB will research the likelihood of this amount increasing.

Franchise agreement with Time Warner Cable or Midwest Fiber - Ald. McGee suggested that this might be a possible revenue source. Ms. Walsh noted that a pending change in federal legislation might result in the city not receiving any future payments from Time Warner Cable.

The LRB will research current leasing fees, such as leasing of towers, antennas or rooftops. Ms. Walsh noted that a fee might also need to have a reasonable tie-in to affordable housing.

Funding options requiring state legislation:

a) Increasing the hotel-motel tax - Not politically feasible.

b) Establishing an income-tax credit for persons who make contributions to the Housing Trust Fund - Could be part of a larger proposal.

c) Using TIF revenues to fund affordable-housing projects outside the individual tax incremental districts (like Minnesota does) - Could be part of a larger proposal.

Mr. Daun noted that the customers for these funds might also relate to the potential funding sources and potential coalition sources.

Sup. Dimitrijevic's office was asked to look at the what the county is doing and how the city can work with the county. Ms. Gonda recommended having the county intergovernmental relations staff and the city intergovernmental relations staff work together.

Mr. Ries and Mr. Osterman will forward their information on the Minnesota TIF fund to Ms. Gonda.

6. Set next meeting agenda and date

Mr. Ries would like to zero in on revenue sources at the next meeting.

The next meeting is scheduled for April 24th at 1:30 p.m. in Room 301-B.

Meeting adjourned: 2:56 P.M.

*Linda M. Elmer
Staff Assistant*